

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-10 EA-07 IO-03 ISO-00 EB-03 AID-05 CIAE-00

DODE-00 PM-03 H-01 INR-10 L-02 NSAE-00 NSC-07 PA-01

RSC-01 PRS-01 SP-02 SS-14 USIA-04 AGR-03 SR-02 ORM-01

IGA-01 CIEP-01 STR-01 OMB-01 CEA-01 COME-00 FRB-01

/087 R

66651

DRAFTED BY: TREASURY DEPT: F THOMAS AND J BUSHNELL

APPROVED BY: EA:LESTER EDMOND

TREAS: C A COOPER, ASST. SEC TREAS

EB/R. BENEDICK

----- 076255

R 101531Z OCT 74

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY LONDON

AMEMBASSY BERN

AMEMBASSY SAIGON

AMEMBASSY VIENTIANE

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

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MANILA FOR ADB

E.O. 11652: N/A

TAGS: EAID, EFIN, VS, LA

SUBJECT: RESULTS BILATERAL DISCUSSIONS ON INDOCHINA AID  
DONOR'S MEETING

REF: STATE 192069

1. DURING ANNUAL IBRD/IMF MEETING TREASURY AND STATE OFFICIALS  
SOUNDED OUT POSITIONS REGARDING INDOCHINA AID DONOR'S MEETING  
SCHEDULED OCTOBER 17 AND 18 AT IBRD OFFICES PARIS.

2. DEPUTY ASSISTANT SECRETARY STATE EDMOND MET MASAMI TANIDA,  
DIRECTOR, MFA, FIRST ECONOMIC COOPERATION DIVISION, AND AKOA,  
OF JAPANESE EMBASSY. JAPANESE MADE FOLLOWING POINTS:  
(A) JAPAN WANTS "UNBRELLA" GROUP AND IS "VERY DESIROUS OF"  
SUB-GROUPS FOR SOUTH VIETNAM AND LAOS, BUT WOULD NOT LIKE TO JOIN  
A SUB-GROUP FOR SOUTH VIETNAM THAT HAD ONLY ITSELF AND THE  
US AS MEMBERS. JAPAN WOULD, HOWEVER, JOIN A SOUTH VIETNAMESE  
SUB-GROUP THAT HAD MEMBERSHIP INCLUDING (1) FRANCE AND GERMANY  
OR (2) RANCE OR GERMANY, PLUS SOME OTHER EUROPEAN COUNTRIES.  
(B) JAPAN DOES NOT AGAIN WANT TO PROPOSE THE ESTABLISHMENT  
OF SUB-GROUP. US IBRD OR ADB SHOULD TAKE THE INITIATIVE;  
INITIATIVE BY GERMANY WOULD ALSO BE ACCEPTABLE. WHEN EDMOND  
RAISED QUESTION OF WHETHER JAPAN WOULD SECOND A PROPOSAL FOR  
THE ESTABLISHMENT OF SUB-GROUPS MR TANIDA SAID HE HAD NO OBJECTION.  
(C) JAPAN WOULD PARTICIPATE IN A SUB-GROUP FOR NORTH VIETNAM  
IF NORTH VIETNAM WANTED ONE AND ONE WAS, IN FACT, FORMED.  
AND AKOA, ACCORDING TO TANIDA THE JAPANESE MINISTRY OF FINANCE  
IS IN GENERAL AGREEMENT WITH THE POSITION OUTLINED ABOVE.

3. DEPUTY ASSISTANT SECRETARY TREASURY BUSHNELL MET E.G. DRAKE  
OF CANADIAN INTERNATIONAL DEVELOPMENT AGENCY. DRAKE SAID CANADA  
PLANS ATTEND PARIS MEETING. WHILE LAOS WAS READY TO HAVE  
SUB-GROUP OF DONOR NATIONS ESTABLISHED, CANADIANS THOUGHT TIME  
IS NOT RIGHT TO SET UP ONE FOR VIETNAM. SPEAKING OFF RECORD  
DRAKE NOTED THAT CANADA LEFT THE ICCS BECAUSE THE "PEACE WAS  
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NOT WORKING" AND CANADIAN SUPPORT FOR SVN SUB-GROUP  
NOW WOULD APPEAR IMPLY CHANGE IN SITUATION. DRAKE ALSO THOUGHT  
THERE WAS CONCERN IN CANADA THAT IDA RESOURCES, OR AT LEAST  
TOO MUCH IDA RESOURCES, MIGHT BE CHANNELED INTO VIETNAM.  
BUSHNELL SAID HE RECOGNIZED CANADA'S PROSPECTIVE DECISION  
NOT TO PARTICIPATE IN SUB-GROUP NOW BUT URGED CANADIANS NOT TO  
OPPOSE ESTABLISHMENT OF SUB-GROUP FOR SOUTH VIETNAM IF OTHER WANT  
TO ESTABLISH ONE. DRAKE AGREED RAISE POSSIBLE CHANGE CANADIAN  
POSITION ON HI RETURN TO OTTAWA.

4. DRAKE SAID HE HAD BEEN IN CONTACT WITH AUSTRALIANS WHO PLAN ATTEND PARIS MEETING BUT, ACCORDING DRAKE, ALSO OPPOSE GVN SUB-GROUP.

5. ASSISTANT SECRETARY TREASURY COOPER ASKED JACQUES DE LAROSIERE, DIRECTOR OF TREASURY OF FRENCH POSITION ON HIS RETURN TO PARIS. DE LAROSIERE AGREED IF POSSIBLE TO MEET WITH COOPER PRIOR TO OCT 17 MEETING. GUY NEBOT, ASSISTANT DIRECTOR TREASURY FOR BILATERAL RELATIONS SAID GOF WOULD SUPPORT SUB-GROUP FOR SOUTH VIETNAM IF THE OCTOBER 17 MEETING AUTHORIZED MOVEMENT TOWARD SIMILAR ENTITY FOR NORTH VIETNAM. HE SUGGESTED ASIAN DEVELOPMENT BANK MIGHT BE ASKED TO EXPLORE ISSUE WITH NORTH VIETNAM. (FYI WE ARE REVIEWING QUESTION OF WHICH INTERNATIONAL ORGANIZATION MIGHT BE AUTHORIZED TO EXPLORE SUB-GROUP IDEA WITH NORTH VIETNAM; SUCH AN INITIATIVE BY ADB COULD GENERATE CONGRESSIONAL OPPOSITION TO US SUPPORT OF ADB, AND WE ARE THEREFORE LEANING TOWARD ASKING UNICEF TO TAKE THIS ROLE. END FYI)

6. BUSHNELL ALSO MET INFORMALLY WITH UK OFFICIALS WHO SAID THE FORMATION OF SUB-GROUP MADE SENSE, BUT THAT HMG WOULD NOT PUSH SUCH AN EFFORT SINCE IT WOULD NOT OFFER SIGNIFICANT AID.

7. COOPER, BUSHNELL AND BENEDICK (STATE) MET GERMAN REPRESENTATIVES INCLUDING UNDER SECRETARY KOLLATZ AND MOLTRECHT, BOTH OF MINISTRY FOR ECONOMIC COOPERATION. THEY SAID THAT DUE TO DOMESTIC POLITICAL CONSIDERATIONS, REFLECTED IN CURRENT UNFAVORABLE NEWSPAPER STORIES FOLLOWING ANNOUNCEMENT OF GERMAN AID COMMITMENT TO SOUTH VIETNAM, THE FRG WOULD HAVE TO BE CAUTIOUS ABOUT SUPPORTING FORMATION OF ANY MULTILATERAL AID SUB-GROUP FOR SVN. FRG REPS SAID THEY NOT IN POSITION TO PROPOSE ESTABLISHMENT SUB-GROUPS IN PARIS MEETING EVEN THOUGH THEY HAD INDICATED IN PREVIOUS  
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DONOR'S MEETING THAT THEY WOULD SUPPORT FORMATION OF SUB-GROUP AT LATER DATE. THEY SAID THEY WERE CONCERNED BY SCANDINAVIAN OPPOSITION TO SUB-GROUP FOR SVN WHICH WOULD BE PICKED UP BY THEIR PRESS. US REPS STRESSED NEED FOR SOME SVN COORDINATION MEETING, GIVEN EXTENSIVE AID PROGRAMS MANY COUNTRIES IN SVN AND REQUIREMENT SOME COUNTRIES SUCH AS JAPAN TO HAVE MULTILATERAL EFFORT IN ORDER TO EXPAND THEIR OWN AID. MOLTRECHT UNDERTOOK TO EXPLORE WITH SCANS WHETHER OR NOT THERE IS SOME LESS FORMAL ARRANGEMENT THAN SUBGROUPS WHICH WOULD BE SATISFACTORY TO SCANS AND TOUS AND THUS COULD BE FULLY SUPPORTED BY FRG. US REPS INDICATED WE PREPARED TO CONSIDER SOME LESS FORMAL ARRANGEMENT ALTHOUGH WE PREFER SUBGROUPS. WE INDICATED COORDINATION AMONG FOREIGN REPRESENTATIVES IN SAIGON WOULD NOT BE SUFFICIENT.

8. MOLTRECHT HAD SEVERAL DISCUSSIONS WITH THE SCANDINAVIANS. HE REPORTED THAT SWEDEN (KLACKENBERG) REMAINS AS USUAL MOST INFLEXIBLE, PRIMARILY ON IDEOLOGICAL AND DOMESTIC POLITICAL

GROUNDS. SWEDEN FEARS THAT IDA LOAN TO SOUTH VIETNAM WOULD FLOW FROM A DONORS' SUB-GROUP. SWEDEN ALSO FEELS THAT "EVEN-HANDEDNESS" MEANS EXTENDING MULTILATERAL AID TO THE PRG. MOLTRECHT EXPRESSED HOPE THAT THE SCANDANAVIANS WOULD NOT MAKE A BIG ISSUE ABOUT OTHER INTERESTED DONORS ARRANGING MEETINGS WITH THE IBRD AND ADB ON SOUTH VIETNAM. HE FELT THAT THE MORE "INFORMAL" THE DESIGNATION OF SUCH MEETING THE BETTER THE CHANCES WERE OF AVOIDING CONFRONTATION ON THIS ISSUE. WE UNDERTOOK KEEP IN TOUCH WITH FRG BEFORE OCT 17 MEETING, KEEPING IN MIND POSSIBILITY FRG PROPOSING COMPROMISE FOR SUBSEQUENT MEETINGS ON LAOS AND SVN ORGANIZED ON BASIS LESS FORMAL THAN SUB-GROUPS.

9. COOPER MET WITH VIETNAM MINISTER FINANCE CHOU KIM NHAN PLUS PLANNING COMMISSIONER NGUYEN TIEN HUNG AND SPECIAL ASSISTANT TO PRIME MINISTER PHAN TUONG VAN. COOPER INDICATED THERE WOULD BE THREE PROBLEMS TO CONTEND WITH AT OCTOBER 17 MEETING.

(A) POLITICAL QUESTION OF "EVEN HANDED" TREATMENT FOR NORTH AND SOUTH VIETNAM AND TREATMENT PRG;  
(B) CONCERN THAT THE SECURITY SITUATION WOULD NOT ALLOW EFFECTIVE USE OF DEVELOPMENT ASSISTANCE, AND,  
(C) UNCERTAINTY WHETHER THE GVN WAS READY TO IMPLEMENT DEVELOPMENT AID PROGRAMS.  
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COOPER SAID LAST ISSUE WAS ONE THAT COULD BE HANDLED BY HAVING THE GVN INFORM US AND OTHER NATIONS OF THE "SPECIFICS" OF ITS CURRENT RECONSTRUCTION AND DEVELOPMENT ACTIVITIES AND ALSO ITS PLANS. HE ADDED IT WAS NOT SUFFICIENT TO LIST PROJECTS WHICH NEEDED FOREIGN FINANCING; RATHER THE NATION'S ECONOMIC PROGRAM HAD TO BE TIED TOGETHER INTO A COMPREHENSIVE PROGRAM WHICH INCLUDED APPROPRIATE ANALYSIS OF COSTS AS WELL AS RECOGNITION OF SECURITY PROBLEMS. COMMISSIONER HUNG SAID GVN HAD BEGUN TO ESTABLISH SPECIAL DEVELOPMENT BUDGET, COMPLETE WITH INPUT-OUTPUT TABLES. BUSHNELL NOTED WE AND OTHERS NEEDED MORE DETAILED INFORMATION ON CURRENT EFFORTS OF GVN ON RECONSTRUCTION AND DEVELOPMENT WHICH COULD BE USED IN COURSE OF DISCUSSIONS AND WHICH WOULD SHOW SECURITY SITUATION WAS NOT BLOCKING RECONSTRUCTION AND DEVELOPMENT EFFORTS.

10. COOPER ALSO MET LAO FINANCE MINISTER, NGON SANANIKONE. COOPER SPELLED OUT PROPOSALS TO ESTABLISH SUBGROUPS FOR VIETNAM AND LAOS AND SAID IF EFFORT SUCCESSFUL, WE WOULD HOPE TO HAVE MEMBERS SUCH GROUP MEET WITH REPRESENTATIVE RECIPIENT GOVERNMENTS IN DECEMBER OR JANUARY TO INITIATE DETAILED WORK. FINANCE MINISTER SAID LAO CABINET HAD GIVEN UNANIMOUS APPROVAL TO WELCOME ESTABLISHMENT OF AID GROUP. HE ALSO PASSED COPIES OF LETTERS FROM MINISTRY OF FINANCE ADDRESSED TO IBRD AND TO ADB FORMALLY ENDORSING CONCEPT OF PROPOSED AID DONOR GROUPS.

11. THIS MESSAGE FOR BACKGROUND ONLY. INSTRUCTIONS FOLLOW.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, MEETINGS, FOREIGN POLICY POSITION, DIPLOMATIC DISCUSSIONS  
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**Copy:** SINGLE  
**Draft Date:** 10 OCT 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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**Drafter:** TREASURY DEPT: F THOMAS AND J BUSHNELL  
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**Subject:** RESULTS BILATERAL DISCUSSIONS ON INDOCHINA AID DONOR'S MEETING  
**TAGS:** EAID, EFIN, VS, LA, US, JA, CA, GE, FR  
**To:** CANBERRA MULTIPLE  
**Type:** TE  
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